



COMMUNITY AND SENIOR SERVICES
OF LOS ANGELES COUNTY

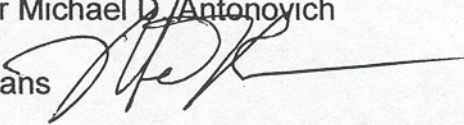
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June 12, 2002

To: Supervisor Zev Yaroslavsky
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From: Robert Ryans 

Subject: Newspaper Inquiry Regarding Mid-San Gabriel Valley Consortium

This is to provide you with information about an inquiry by the San Gabriel Valley Tribune regarding the repayment of funds by Mid-San Gabriel Valley Consortium (MSGVC), a Workforce Investment Act (WIA) WorkSource Center to the County.

MSGVC submitted their Single Audit Report to Community and Senior Services (CSS) as required by Office of Management and Budget (OMB) Circular A-133. The report identified that amounts were billed to the County by MSGVC in excess of expenditures. MSGVC has concurred with this finding and has made arrangements to reimburse the County the overage of funds in two increments, the first \$489,509 on June 15, 2002 and the second \$489,509 on August 15, 2002 for a total of \$979,018. This has no impact on net County cost.

CSS has multiple processes in place to ensure proper oversight of our programs, which may include the recovery of funds to the County as described above. Our statutory administrative requirements consist of administrative, program, fiscal monitoring, and independent audit report submission as required by OMB. OMB Circular A-133 requires the completion of an audit nine months following the audit period (i.e., contractor fiscal year) and resolution of any audit findings six months following submission. MSGVC submitted their Single Audit Report and Corrective Action Plan in April 2002 as required. CSS accepted their corrective action plan, which included their repayment schedule as stipulated above.

A chronology of the events is attached for your convenience. You may contact me, or your staff may contact Josie Marquez at (213) 738-3175 should you have any questions regarding this matter.

Attachment (1)

c: David E. Janssen
J. Tyler McCauley

CHRONOLOGY OF EVENTS REGARDING MSGVC SINGLE AUDIT

References

Office of Management and Budget (OMB) Circular A-133 governs the audits of States, Local Governments and Non-Profit Organizations. It contains the Requirements for Single Audits. Section 200 requires organizations receiving more than \$300,000 in Federal funding to provide a single audit report. An agency has nine (9) months after the end of the period audited to conduct an audit.

California Workforce Investment Act Directive WIAD01-3 states that the audit resolution process must be completed within six months after receipt of the subrecipient's audit report and must ensure that the subrecipient takes appropriate and timely corrective action.

Chronology

On May 16, 2002, the County received the Mid-San Gabriel Valley Consortium (MSGVC) Single Audit, which was sent to MSGVC by Mendoza Berger Company, LLP on April 12.

On May 16, 2002, the County sent a letter to MSGVC requesting a Corrective Action Plan (CAP) for findings identified in the Audit by May 28, 2002.

On May 28, 2002, the County received the CAP, which includes a debt repayment letter stating that MSGVC will submit two payments--one on June 15, 2002 and one by August 15, 2002.

On June 6, 2002, the County sent MSGVC a letter requesting payment by the said dates.